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Peter J. Wallison

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DHS Review Completed.

MEMORANDUM TO THE SENIOR INTERDEPARTMENTAL GROUP ON
INTERNATIONAL ECONOMIC POLICY (SIG/IEP)Subject: Options For Dealing With Imminent Shipments in
Violation of Oil and Gas Export Controls

The legal offices of the Departments of State, Defense, Treasury, Justice, Commerce and the U. S. Trade Representative have, based upon the discussion in the attached memorandum, considered the options available for dealing with an imminent violation of the oil and gas export controls by Dresser/France and John Brown Engineering (a U.K. company).

Under current circumstances, these options* are the following:

I. Administrative actions by the Department of Commerce

- Commerce can issue an order denying Dresser/France and/or John Brown Engineering access to U.S. origin goods or technology, and can put United States and foreign firms on notice that if they ship U.S. origin goods or technology to the denied parties they, too, are subject to enforcement action, including denial of export privileges
- The order can be effective immediately or upon the shipment of goods or technology subject to controls
- The order can apply to
 - all goods and technology
 - specified categories of goods and technology

II. Political/Diplomatic Initiatives

The U.S. could take a range of political or diplomatic actions as an adjunct to legal or administrative responses to violations of our controls. Options range from bilateral

- * The possibility of an injunction against Dresser and John Brown was considered and rejected. In the case of Dresser, the U.S. parent and its French subsidiary are already taking the actions an injunction would require, and in the case of John Brown we would have no means to enforce an injunction (since John Brown is located in the U.K.) even if one were obtainable.

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demarches through actions to disrupt substantially bilateral trade and economic relations with countries concerned. For example, the U. S. could amend the Export Administration Regulations to impose new export controls** against a country that takes legal action to compel a violation of the regulations. Any such new controls could be broad or narrow in scope (as to categories of goods and technology). Such changes in export controls would be a major political act; we have never before amended controls as an element of enforcement.

** These would be based on the President's authority, exercised by the Secretary of Commerce, in consultation with the Secretary of State and other appropriate agencies, to control exports for foreign policy reasons. Before imposing any foreign policy controls, the statute requires that consultations be held with affected United States industries regarding foreign availability of the goods or technology to be controlled and the impact of the controls on U.S. industry internationally. The statute also requires that the President determine that reasonable efforts have been made to achieve the purposes of the controls through negotiations or other means.

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